

**REMARKS**

This Amendment is submitted following receipt of a Supplemental Examiner's answer which added a new ground of rejection of claims 51-74, 99, 101, 103 and 104 under 35 USC §101.

The Action also repeated the rejection which is on appeal wherein claims 51-104 are rejected under 35 USC §103 on Rackson (6415270) in view of the Fritts publication.

The Action suggests that Applicant either reopen prosecution or maintain the Appeal. By this Amendment Applicant requests reopening prosecution.

Applicant has amended 51, 63, 99, 101, 103 and 104.

The independent method claims 51, 63, 99 and 101 have been amended to indicate that the method "is implemented in a system comprising a plurality of computers, at least one of which is located remotely from at least one other of said computers and interconnected by a communication system". The Amendment goes on to specify that a step of receiving bids is performed "using a first computer of said system and communicating at least some of said bids to a second computer of said system which is remote from said first computer via the communication system". The amended method claims also specify that determining whether the first auction should terminate is implemented "using the second computer". Computer system claims 103 and 104 are amended to specify that the computer system comprises "a plurality of computers, at least one of which is located remotely from at least one other of said computers and interconnected by a communication system". The system claims 103 and 104 are amended to specify among other things that the "computer system... receiving bids from bidders...". These claims have been amended to specify that the receiving is performed "using a first computer of said system and communicating at least some of said bids to a second computer of said system which is remote from the first computer via the communication system". These computer system claims also specify the "computer system... determining whether the first

auction should terminate”. The claims have been amended to specify “determining in the second computer whether the first auction should terminate”.

Applicant has also amended claims 52, 53, 64, 65, 88, 96 and 100, in part to accommodate the amendments to the parent claims and in part to correct errors in the claims.

It should be apparent that the amendments to the claim are fully supported in the specification and drawings of the application, see for example figure 1. It should also be apparent that the amendments comprise a significant limitation on the scope of the method claims. For example, as amended the method claims no longer encompass an auction which takes place with all bidders and all processing at a common location. Such an auction is outside the scope of the claims whether or not computers are used in the course of the auction.

In view of the foregoing Applicant submits that, as amended the claims avoid the §101 rejection. Reconsideration and withdrawal of the rejection is solicited.

In connection with the rejection of claims 51-104 on prior art, Applicant submits that for the reasons that follow the rejection is not well taken and should be withdrawn.

#### Summary of the Argument

All the rejected claims patentably distinguish from the subject matter disclosed in the art relied on as well as the subject matter dealt with in the rejection. More particularly the claims include subject matter which is not described in either reference. The subject matter of some claims (63, 87, 101, 102, 104 and their dependent claims) call for an auction which features conditional bids. The rejection does not even *allege* that the claimed subject matter can be found in either reference. In the case of those claims the rejection *assumes* conditional bids are an auction feature found in the prior art.

There is an allegation of obviousness with respect to the remaining claims (directed at “constraining” received bids by accepting only bids which satisfy a constraint based on bids in

another auction), however the allegation is based on a misreading of the secondary reference. As a factual matter there is no pertinent teaching of this subject matter in either reference. There are additional grounds distinguishing the claims from the prior art relied on in the rejection.

### **Legal Principles**

The Final Rejection is solely based on 35 USC §103.

“[A]ll words in the claim must be considered in judging the patentability of the claim against the prior art.” *In re Wilson*, 165 USPQ 494, 496 (CCPA 1970). As set forth in section 2111 of the MPEP, “claims are interpreted in the broadest reasonable fashion **consistent with the specification.**” (Emphasis added). The Patent and Trademark Office **is required** to take into account whatever enlightenment is afforded by the specification, *In re Morris*, 127 F.3d 1048, 1054-55, 44 USPQ 2d 1023, 1027-28 (Fed. Cir. 1997).

A proper *prima facie* case of obviousness requires that the prior art reference (or references when combined) must teach or suggest **all** the claim limitations.

Preambles that are essential to the claimed invention are limiting because they breathe life, meaning, and vitality into the claims. *Kropa v. Robie* 187 F.2d 150, 152, 88 USPQ 478, 481 (CCPA 1951), *In re Stencel*, 828 F.2d 751, 4 USPQ2d 1071 (Fed. Cir. 1987).

### **Construction of the Claims**

The application includes independent claims 51, 63, 75, 87, 99, 100, 101, 102, 103 and 104. The preamble of all of the claims refer to a first and second auction and the body of all of the claims also refers to the first and second auctions. Some claims are directed at conducting a first auction “in association with a second auction” (51, 63, 75, 87, and their dependent claims). The remaining claims (99, 100, 101, 102, 103 and 104) are directed at conducting a first and second auction.

The claims include subject matter related to conducting an auction such as:

“initiating the first auction,”

“receiving bids from bidders for items in the first set of items,”

“determining whether the first auction should terminate”,

“assigning the first set of items to bidders based on the bids in force at the time the first auction was terminated”.

In addition, one group of the claims (51, 75, 99, 100, 103 and their dependent claims) refer to operating in the first auction by “constraining the received bids by accepting only bids which satisfy a constraint based on bids in the second auction” “Constrain” is defined as “to force by imposed stricture, restriction, or limitation”. The example in the specification (where the subject of the second auction are communication licenses and the subject of the first auction is the associated clearing rights, see fig. 8, step 310-4) determines whether the provisional winner in the second auction has placed a bid in the first auction which satisfies the appropriate “constraint”. No action need be taken in the event the appropriate bid has been made (the “yes” path from step 310-4 in fig. 8). In the event the appropriate bid has not been made, the bid is adjusted (step 310-5), i.e., forced “by imposed stricture”, to satisfy the constraint. Thus the subject of constraining bids is to impose or force the appropriate bid in the event it has not been made.

The remaining claims (63, 87, 101, 102, 104 and their dependent claims) refer in the preamble to a first auction of a first set of items and a second auction of a second set of items where “at least one item in the first set having a complementary item in the second set”. Complementary has been defined as “serving to fill out or complete”, or “mutually supplying each other's lack” or “being complements of each other.” Complements have been defined as “the quantity, number, or assortment required to make a thing complete”, or “one of two mutually completing parts”. One example used in the specification of complementary items are an encumbered communication license and the related clearing right. This pair is complementary in that the clearing right completes or makes whole the encumbered communication license by providing for the clearing of the encumbrance.

These remaining claims (63, 87, 101, 102, 104 and their dependent claims) call for “accepting bids ... at least one of the bids conditional on said bidder winning a complementary item in the second auction” and “eliminating bids which fail to satisfy any of their conditions.” In other words, a bidder can bid on a clearing right (in the first auction); that bid may be

conditional on winning the complementary item (the communications license) in the second auction. The bidder may bid on the item in the first auction (the clearing right) secure in the knowledge that in the event that the bidder does not secure the communications license he will not be liable in the clearing right auction since his bid was a conditional bid.

### **THE CITED REFERENCES**

#### **RACKSON**

The Rackson reference is entitled “Multiple Auction Coordination Method”. Rackson describes a “multi-auction service” which has the stated function to:

“coordinate the auction listing, bid replication and auction management process. Typically maintains history of item bids and offers, and identifies categories for auction items. Provides means for bidders or sellers to specify parameters of the bidding and selling process such that the multi-auction service acts as an agent for either the bidder or seller to achieve an optimal bid price and set of transactions from the client’s perspective.” (‘270, 2:36-45)

The reference identifies the subject of the patent as:

“A system and method... for coordinating an auction for an item between a multi-auction service, a plurality of remote auction services, and a plurality of bidders, all of which are interconnected by a network. The multi-auction service performs the steps of receiving selling parameters for the item to be auctioned from a seller, transmitting the parameters for the item to a plurality of remote auction services, throughout the auction detecting that a bid for the item has been received by at least one of the remote auction services, determining which of the remote auction services should receive a replicated bid, and transmitting a replicated bid to each of the remote auction services so determined. In the case where more than one remote auction service receives a bid for the item, the multi-auction service detects that a bid for the item has been received by more than one of the remote auction services, establishes which of the received bids is an optimal bid for the item, and transmits the optimal bid as the replicated bid into the remote auction services.” [‘270] (6:44-62).

While all of the claims call for either conducting the first auction in association with the second auction or conducting a first and a second auction, the Rackson patent does not describe conducting an auction at all. Rather, the Rackson patent describes monitoring a set of auctions which are conducted by undisclosed apparatus and methods and, at times, replicating a bid offered in one auction so that bid may appear in another auction.

Aside from not describing how an auction may be conducted, Rackson fails to describe an auction (either in association with a second auction or in addition to the second auction), which includes the feature of either “constraining the received bids by accepting only bids which satisfy a constraint based on bids in the second auction” or “accepting bids from bidders for items in the first set of items, at least one of the bids from one of the bidders conditional on said bidder winning a complimentary item in the second auction” and “eliminating each of the conditional bids which fail to satisfy any of their conditions, and there after assigning the first set of items to bidders based on the bids in force subsequent to the eliminating of the conditional bids which fail to satisfy any of their conditions”.

**Fritts, Private Property, Economic Efficiency and Inspection Policy in the Wake of C Block Auction**

Fritts describes the history of FCC auctions and draws some conclusions from that history. Pertinent to the rejection under appeal, Fritts mentions (p. 13) the FCC Simultaneous Ascending Auction (SAA) and says it has an advantage over traditional auction techniques such as sequential auctions. The text mentions that activity rules are useful to keep the auction moving forward at a good pace. The author mentions that licenses are complementary (to other licenses). The FCC is also said to be experimenting with combinatorial bidding. Fritts does not describe the Simultaneous Ascending Auction, but the reader may imply that he refers to plural auctions proceeding in parallel, each auction presumably dealing with a separate license (some assumption is necessary since there is no express description in the reference). The author does not describe the experiments with combinatorial bidding, although again the reader may imply that this refers to an auction where a bidder may identify or select some of the goods subject to auction (a package of goods) and include a price for the package.

Thus Fritts may be said to refer to conducting plural auctions (SAA) in which an item in one auction of the complement to an item in another auction.

Fritts does not describe how an auction may be conducted. He does not describe an auction in which bids are subject to a constraint, much less an auction where bids are subject to a constraint which is based on bids in another auction. He does not mention conditional bids,

much less an auction in which bids in one auction are conditioned on the bidder winning a complementary item in a different auction.

### **THE CONSTRAINING CLAIMS PATENTABLY DISTINGUISH FROM THE REFERENCES**

The statement of the rejection relative to the “constraining” claims (51, 75, 99, 100, 103 and their dependent claims) is found on pages 2-5 of the action. Each of these claims calls for initiating a first auction, and some of the claims also call for initiating a second auction. This subject matter is not mentioned in the statement of the rejection.

Each of these claims calls for determining whether the first auction should terminate. This subject matter is not mentioned in the statement of the rejection.

In connection with the “constraining” subject matter, the final rejection acknowledges (page 4) that Rackson “do not explicitly state constraining bids by accepting only bids which satisfy a constraint based on bids in the second auction.” The rejection alleges, however, that the secondary reference, Fritts “also teaches constraining bids by accepting only bids which satisfy a constraint based on bids in the second auction.” For support the rejection alleges that “Fritts states that “strong synergies” exists among licenses and preferences by bidders.” Firstly, the allegation that Fritts *also* teaches is unsupported, the rejection does not allege that any other reference “teaches constraining bids”. Secondly, and more important, Fritts does not teach “constraining bids” as claimed. The statement that is contained in Fritts concerning “strong synergies” is not the same as, similar to or even related to the constraining bids subject matter.

The rejection concludes by alleging that “it would have been obvious” allegedly “to allow bidders to bid on a first item being auctioned at a first auction and a second item being auctioned at a second auction thereby providing a system in which bidders may bid on compatible products or services in one stop or system.”

There is so much wrong with this conclusion that it is hard to know where to start.

Rackson does not suggest that that it would be advantageous “to allow bidders to bid on a first item being auctioned at a first auction and a second item being auctioned at a second auction thereby providing a system in which bidders may bid on compatible products/services in one

stop or system.” Fritts does mention the FCC Simultaneous Ascending Auction (SAA) which, it is said, may involve complementary licenses. Even if we assume that the examiner’s allegation is supported, what does that allegation have to do with the subject matter of the claims? It is not at all necessary in providing a system allowing bidders to bid on compatible products or services to require constraining bids in any fashion. The constraining subject matter has no relation to the teachings of Rackson (as is admitted on the top of page 4 of the rejection) nor of Fritts. Contrary to the allegation in the rejection, Fritts does not teach “constraining bids...” The statement of Fritts that synergies may exist is not the same as, or similar to, or even related to “constraining” bids in any fashion. Further, the claimed subject matter is even more specific, i.e., the claims require the bids to be constrained based on bids in another auction. Not only is there nothing in either reference about constraining bids in one auction based on bids in another auction, there is nothing in the action about this subject matter (other than the naked conclusion that the subject matter “would have been obvious”).

Applicant submits that the rejection of claims 51, 75, 99, 100 and 103, and the claims dependent thereon (the constraining claims) is not well taken because

1. Neither reference teaches constraining bids based on other bids, and neither reference teaches constraining bids in one auction based on bids in the second auction;
2. the allegation of obviousness is inadequate to reach the claimed subject matter; and
3. the allegation of obviousness is not based on either Rackson or Fritts.

#### **The Conditional Bid Claims Patentably Distinguish from the References**

The rejection of the remaining claims (claims 60-87, 101, 102, 104 and the claims dependent thereon-the conditional claims) appears to be stated at the bottom of page 5 of the office action. After calling out the claims, the rejection alleges that “these claims contains features recited in the claims 51-60 and these claims are rejected under a similar rationale applied therein”.

However, claims 63, 87, 101, 102, 104 and the claims dependent thereon recite that the bids include at least one conditional bid conditioned on a bidder winning a complementary item in the second auction and eliminating each of the conditional bids which fail to satisfy any of



their conditions. This subject matter is not found in any of claims 51-60. The last paragraph on page 5 of the rejection mentions the subject matter calling for “eliminating each of the conditional bids...”. In that connection, the rejection continues by stating both Rackson and Fritts “discuss various bidding rules”. The Examiner asserts that “if a conditional bid does not satisfy a certain bidding rule or requirement, eliminating each of the conditional bids which fail to satisfy certain conditions and thereafter assigning the first set of items to bidders based on bids in force subsequent to the eliminating function would have been obvious to one of ordinary skill in the art to do because only bidders satisfying all requirements and while placing a proper bid would have been awarded the bidden items”.

In the first place, the statement of the rejection fails to even allege that either reference describes the eliminating subject matter. In addition, the statement of rejection fails to allege that either of the references refer to conditional bids in any way. The Examiner’s assertion that “if a conditional bid does not satisfy a certain bidding rule or requirement, eliminating each of the conditional bids” would have been obvious is tantamount to *assuming* that conditional bids as recited in these claims is part of the prior art. It should not require the citation of authority to establish that assuming the claimed subject matter is part the prior art without citing a reference is simply error.

Applicant asserts that neither of the cited references mentions or even hints at conditional bids, much less bids in one auction which are conditioned on the outcome of another auction.

Applicant submits the fact that neither reference describes conditional bids or eliminating from consideration conditional bids which fail to satisfy their condition, establishes that claims 63, 87, 101, 102, 104 and the claims dependent thereon are patentable over the cited art. Moreover, there is not even an allegation in the final rejection to the effect that either reference describes a conditional bid or either reference describes that eliminating conditional bids which fail to satisfy their condition. The reasoning offered in the Action *assumes* that bids may be conditioned, this is tantamount to *assuming* the invention is anticipated; this is not a proper obviousness rejection. The rejection fails to present a prima facie case of obviousness.

While there are additional grounds by which the claimed subject matter distinguishes from the rejection and/or the cited references, Applicant does not believe it is necessary to further belabor the point.

On the foregoing basis, Applicant submits that claims 63, 87, 101, 102 and 104 and the claims dependent thereon are clearly patentable to Applicant. In view of all of the foregoing, Applicant requests reconsideration and withdrawal of the rejection of each of the claims pending in the application.

Applicant believes no fee is due with this response. However, if a fee is due, please charge our Deposit Account No. 22-0185, under Order No. 21736-00011-US1 from which the undersigned is authorized to draw.

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Respectfully submitted,

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